



Shanghai Jiao Tong University

FI410 Corporate Finance

Instructor:	TBD	Email:	TBD
Home Institution:	TBD	Office:	TBD
Office Hours:	TBD		
Term:	2 July - 2 August, 2018	Credits:	4 units
Classroom:	TBD	Teaching Assistant(s):	TBD
Class Hours:	Monday through Thursday, 5.30-7.30 pm		
Discussion Session:	2 hours each week, led by teaching assistant(s)		
Total Contact Hours:	66 contact hours (1 contact hour = 45 mins, 3000 mins in total)		
Required Texts (w/ ISBN):	Berk, Jonathan & DeMarzo, Peter, <i>Corporate Finance</i> , 3rd edition, Prentice Hall, Inc.		
Prerequisite:	N/A		



Course Description

This course covers central issues in financial management and corporate finance. Students will learn how financial managers make investment, financing and other decisions and the tools they use to reach such decisions. Topics covered include time value of money, risk, valuation, capital structure, capital budgeting, dividend policy and mean-variance portfolio selection. The course provides the analytical tools and the financial theories needed to implement sound financial decisions within a corporation (and outside of a corporation). Ideas are presented in a cohesive way within the framework of the no-arbitrage principle, the fundamental principle shaping all aspects of modern finance. Command of the subject is crucially important for anyone considering a career not only in investment banking, investment management or trading, but also in general management, corporate strategy, management consulting, entrepreneurship, and the non-profit world.

Course Goals

1. Price future certain (and uncertain) streams of income.
2. Apply valuation methods effectively when making capital-budgeting decisions.
3. Learn to value bonds.
4. Recognize the financial and strategic implications of alternative corporate financing decisions in different environments.
5. Learn to value stocks.
6. Understand the relationship between risk and return and how this relationship impacts valuation methods and investment decisions

Attendance

Summer school is very intense and to be successful, students need to attend every class.

Grading Policy

In this course, grading will be based on the following:

Attendance: Class attendance is mandatory. Each student should read the assigned materials and give careful thought to background information prior to each class session.

Homework: Homework assignments are individual work and will be given after each class and will be due right before the beginning of the next class.

Quizzes: There will be two quizzes in total on the first day of the second and the fourth week about 30 minutes long and will be given at the end of the class. They will be closed-book. A one-sided (A4) cheat-sheet will be allowed. No make-up quiz will be given except for medical emergency related causes.

Mid-term exam: It will be given on the first day of the third week. It will be closed-book. A two-sided (A4) cheat-sheet will be allowed.

Final exam: Final will be comprehensive with a heavier weight on the second part of the course though. It will be given at the last class. It will be closed-book. A two-sided (A4) cheat-sheet will be allowed.



Attendance	5%
Homework	25%
2 quizzes	20% (10% each)
Mid-term exam	20%
Final exam	30%

Grading Scale

Number grade	Letter grade	GPA
90-100	A	4.0
85-89	A-	3.7
80-84	B+	3.3
75-79	B	3.0
70-74	B-	2.7
67-69	C+	2.3
65-66	C	2.0
62-64	C-	1.7
60-61	D	1.0
≤59	F (Failure)	0

Academic Honesty

Students are expected to maintain high standards of academic honesty. Specifically, unless otherwise directed by the professor, students may not consult other students, books, notes, electronic devices or any other source, on examinations. Failure to abide by this may result in a zero on the examination, or even failure in the course.



Course Schedule

Date	Content	Chapter	Due
2-Jul	The Introduction of corporation and financial statement analysis	Chapter 1 &2	
3-Jul	The law of one price	Chapter 3	HW 1
4-Jul	Time value of money	Chapter 4	HW 2
5-Jul	Interest rates	Chapter 5	HW 3
9-Jul	Valuing bonds	Chapter 6	HW 4
10-Jul	Quiz 1 Investment decisions rules	Chapter 7	HW 5
11-Jul	Investment decision rules	Chapter 7	HW 6
12-Jul	Capital budgeting	Chapter 8	HW 7
16-Jul	Valuing stocks	Chapter 9	HW 8
17-Jul	Review for Midterm		HW 9
18-Jul	Midterm		HW 10
19-Jul	Pricing risk	Chapter 10	HW 11
23-Jul	Optimal portfolio choice and CAPM	Chapter 11	HW 12
24-Jul	Capital structure theory in a perfect world	Chapter 14	HW 13
25-Jul	Capital structure theory in an imperfect world: debt and taxes	Chapter 15	HW 14
26-Jul	Quiz 2 Capital structure theory in an imperfect world: debt and financial distress	Chapter 16	HW 15
30-Jul	More on Capital Budgeting: with leverage and imperfect world	Chapter 18	HW 16
31-Jul	Review	Comprehensive	HW 17
1-Aug	Review	Comprehensive	HW 18
2-Aug	Final Exam	Comprehensive	